

## Marketplace Fairness Act (MFA) - Estimate of State and Local Sales Tax Gain

January 1, 2014 effective date<sup>1</sup>

(All \$'s in Millions)

	FY 2014 <sup>1,2</sup>	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
<b>WA Remote Sales Estimate - Total Loss <sup>3</sup></b>									
State Sales Tax	\$374.2	\$416.2	\$790.4	\$457.8	\$503.6	\$961.3	\$538.8	\$576.5	\$1,115.3
Local Sales Tax	\$139.1	\$154.7	\$293.8	\$170.2	\$187.2	\$357.3	\$200.3	\$214.3	\$414.6
<b>Total WA Remote Sales Loss</b>	<b>\$513.3</b>	<b>\$570.9</b>	<b>\$1,084.2</b>	<b>\$627.9</b>	<b>\$690.7</b>	<b>\$1,318.7</b>	<b>\$739.1</b>	<b>\$790.8</b>	<b>\$1,529.9</b>
Less: Small Seller Exemption of \$1,000,000 (6%) <sup>4</sup>	(\$30.5)	(\$33.9)	(\$64.3)	(\$37.3)	(\$41.0)	(\$78.3)	(\$43.9)	(\$46.9)	(\$90.8)
<b>Total Potential WA Remote Sales Revenue</b>	<b>\$482.9</b>	<b>\$537.0</b>	<b>\$1,019.8</b>	<b>\$590.7</b>	<b>\$649.8</b>	<b>\$1,240.4</b>	<b>\$695.2</b>	<b>\$743.9</b>	<b>\$1,439.1</b>
<b>Application of Compliance Factor:</b>									
Medium-Large Businesses	50%	50%		75%	90%		90%	90%	
<b>Net LOCAL Sales Tax Gain</b>	<b>\$27.3</b>	<b>\$72.8</b>	<b>\$100.0</b>	<b>\$120.1</b>	<b>\$158.5</b>	<b>\$278.5</b>	<b>\$169.6</b>	<b>\$181.4</b>	<b>\$351.0</b>
<b>Vendor Compensation</b>	<b>(\$1.9)</b>	<b>(\$83.0)</b>	<b>(\$84.9)</b>	<b>(\$88.3)</b>	<b>(\$93.7)</b>	<b>(\$182.0)</b>	<b>(\$97.4)</b>	<b>(\$101.2)</b>	<b>(\$198.5)</b>
<b>Net STATE Sales Tax Gain</b>	<b>\$71.5</b>	<b>\$112.7</b>	<b>\$184.2</b>	<b>\$234.6</b>	<b>\$332.6</b>	<b>\$567.2</b>	<b>\$358.8</b>	<b>\$386.9</b>	<b>\$745.7</b>
<b>Total Gain State &amp; Local</b>	<b>\$98.7</b>	<b>\$185.5</b>	<b>\$284.2</b>	<b>\$354.7</b>	<b>\$491.1</b>	<b>\$845.7</b>	<b>\$528.4</b>	<b>\$568.3</b>	<b>\$1,096.7</b>

### Notes:

Estimate updated by Research & Fiscal Analysis, Washington Department of Revenue, February 13, 2013.

<sup>1</sup> Assumes passage of legislation by September 30, 2013 with collections beginning January 1, 2014. Remote sales figures shown in gray represent 12 months of loss. "Gain" figures represent 5 months of cash collections for FY 2014 and 12 months thereafter

<sup>2</sup> Assumes first year compensation is required for new remote sellers only, compensation for all retailers starts in FY 2015.

<sup>3</sup> This estimate does **not** include remote sales made by individual persons on market place platforms.

<sup>4</sup> Small Seller Exemption: Exempts firms with less than \$1,000,000 in National gross remote sales; representing 6% of the total remote sale loss. (Source: 2011 Internet Top 1000 E-Retailers).